

# Impact of Supportive Housing On Neighboring Properties In Houston, Texas



Prepared by: United Way of Greater Houston, July 2010

*Supportive housing is a successful, cost-effective combination of affordable housing with services that helps people live more stable, productive lives. People who live in supportive housing sign leases and pay rent—just like their neighbors. Supportive housing is proven to help people who are persistently homeless find stability in a home of their own.*

*-Corporation for Supportive Housing*

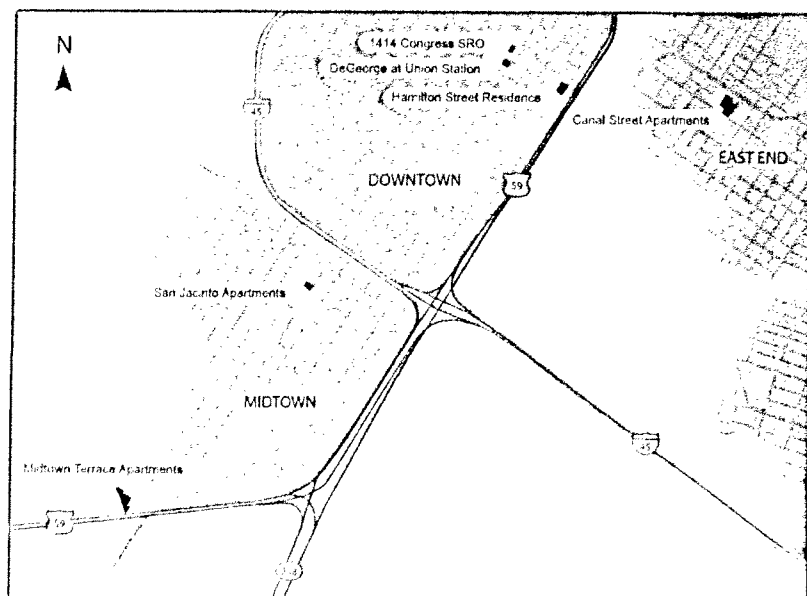
## EXECUTIVE SUMMARY

Many people in our community face challenges that make living in an affordable, independent home difficult. Permanent supportive housing pairs affordable rental units with services that help people remain in stable housing. This is the most proven, cost-effective way to help people with low-incomes and other barriers live as independent, productive community members.

A common concern about permanent supportive housing is that the residences will cause a negative impact on the property values of surrounding homes and businesses. However, studies undertaken throughout the nation have examined this claim, and all have concluded that permanent supportive housing units have either a positive or neutral impact on their neighbors' properties. It has been found that because permanent supportive housing units blend in with their surrounding neighborhood and tenants act as a typical neighbor would, there is no negative affect.

Permanent supportive housing locations owned and operated by non-profit organizations have been part of the Houston community for more than 15 years. The United Way of Greater Houston researched the impact six of these permanent supportive housing units had on neighboring property values. The supportive housing units studied in Houston all had a long-term positive impact on the properties surrounding them—increasing on average 170% from the year before opening to five years after opening.

### *Permanent Housing Locations Studied*



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## ACKNOWLEDGEMENTS

Much gratitude to The GIS/Data Center at Rice University for its generous contribution of staff support and use of GIS software.

Special thanks to the permanent supportive housing properties for providing photographs of their properties.

# SUPPORTIVE HOUSING IN HOUSTON

Throughout Houston, several permanent supportive housing sites provide people with limited incomes a stable home to live paired with the services they need to remain in housing. Supportive housing units successfully blend in with their neighborhoods through attractive architecture and landscaping. The United Way of Greater Houston studied the effect six supportive housing units in central Houston have on surrounding property values, and found that in all instances, the neighboring properties within a 1,000 foot radius of the permanent supportive housing increased in value during the five years after opening.

## Methodology

The Furman Center for Real Estate and Urban Policy at New York University established the most commonly used method for measuring property value changes in its 2008 study titled *The Impact of Supportive Housing on Surrounding Neighborhoods: Evidence from New York City*. Because Houston has fewer supportive housing properties to study, a modified method was used in our research.

Property value data was obtained from the Harris County Tax Office, and the combined Land Value and Improved Value was used to determine a property's value. The six properties studied were mapped using Geographic Information System (GIS) software, and 500 foot; 1,000 foot; and 5,000 foot radiuses around the properties were set.

Each location was built or converted into supportive housing during a different year, so property values for each location were obtained for the year prior to construction/conversion, the year following construction/conversion, and five years after. This data was used to measure changes in property values nearest the permanent supportive housing units—in the 500 surrounding feet and 1,000 feet areas. A comparison to changes in the larger 5,000 foot radius neighborhood was made. By comparing the property values nearest the permanent housing to the larger surrounding area, it is possible to see if the permanent housing itself had an impact on the properties. The property values within the 5,000 foot radius can be viewed as a “control group” for comparison purposes.

Some types of properties had to be excluded from the property value analysis because the value of the properties is not available—these include civic properties and new properties that did not have a value the first year of the comparison.

## Background

During the time period between 1994 and 2010, downtown Houston and the surrounding areas underwent major transformations in municipal and private improvements. Because this is the area and timeframe the permanent housing study examines, it would be overly simplistic to attribute the increase in property values solely to the development of supportive permanent housing. The following narratives include both a description of the permanent housing locations studied as well as an overview of changes that occurred in the surrounding neighborhoods during the time period examined.

The permanent housing locations studied are owned by three different entities—Cloudbreak Houston LLC, The Housing Corporation of Greater Houston, and New Hope Housing, Inc. All of the residences are single room occupancy (SRO), meaning that only one person lives in each residence and rooms have a private bathroom and are equipped with a microwave and small refrigerator. Common areas include living rooms, kitchens, fully equipped business centers and computer labs, libraries, and outdoor areas. Apartment managers and social service support staff are on-site at each location, and there is often a front desk staffed 24/7. Tenants sign leases and pay between 30% of their income and approximately \$400 per month depending on the location.

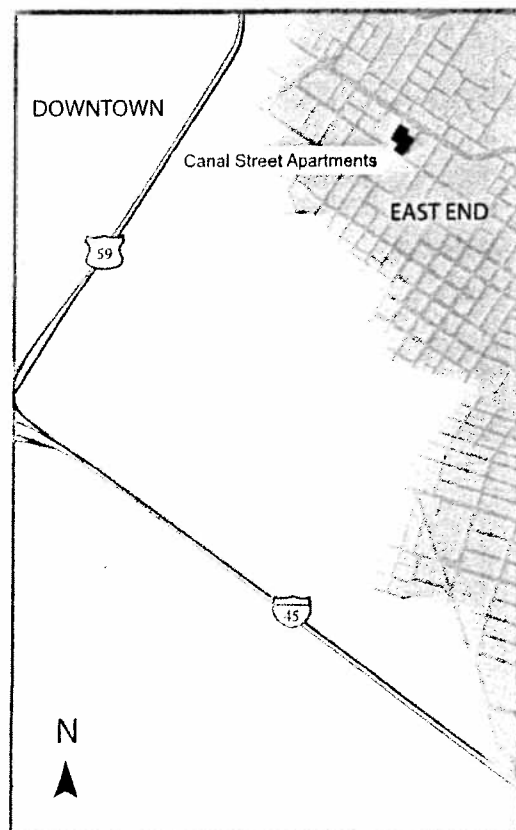
# EAST END LOCATION

## Neighborhood Changes

The Texas Legislature created the Greater East End Management District in 1999 in order to strategically implement positive real-estate, business, educational, recreational, safety, and visual enhancements in the neighborhood. According to the Greater East End Management District, "Downtown redevelopment and the opening of Houston's new baseball stadium created strong interest in properties east of I-59. Just under \$100 million in new loft apartments and town homes are now under construction between I-59 and Dowling Street."

Between 2004 and 2010 (the period that property values were analyzed near Canal Street Apartments), the following occurred:

- Each year, \$900,000 from area property taxes were invested into civic improvements in the Management District
- 2006: a \$3.4 million grant from the Texas Department of Transportation and City of Houston was used for construction and aesthetic improvements to streetscapes and underpasses leading into the neighborhood
- 2007: plans for construction of a new lightrail line in the East End are announced
- 2009: \$5 million in Federal stimulus funds was awarded to bring sidewalks up to city standards
- 2009: a Livable Centers plan was announced for the Greater East end—strategically setting out proposals for enhanced transportation, housing, retail, and business opportunities
- 2004 – 2010: thousands of graffiti sites in the East End were abated

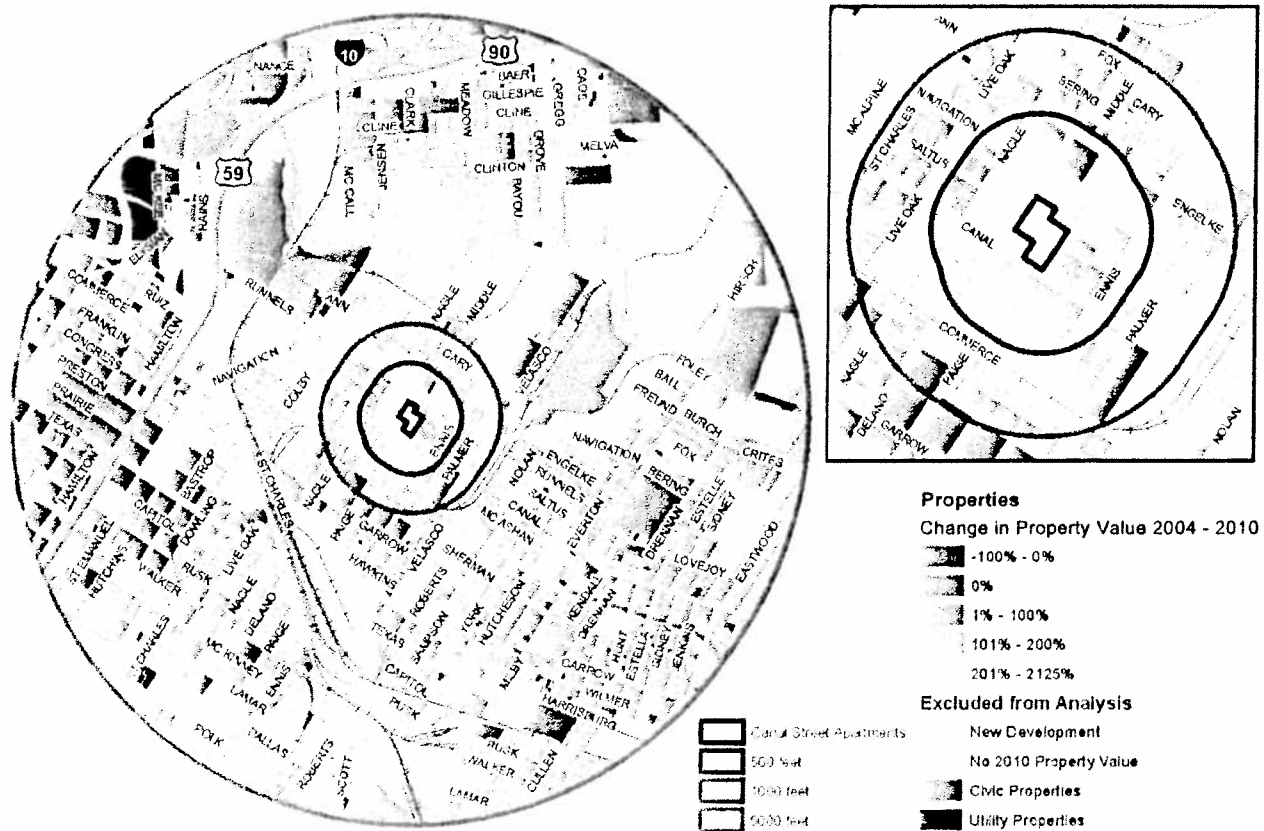


## 2821 Canal Street—New Hope Housing, Inc.



New Hope Housing's Canal Street Apartments opened in 2005 in the East End near the original Ninfa's restaurant, and is an attractive contemporary new construction SRO apartment building with 133 fully-furnished units. A 2009 Urban Land Institute-Houston Development of Distinction, the Canal Street Apartments are a component of revitalization in the East End, a historical neighborhood that has since the mid-1800s been a thriving culturally diverse area close to Houston's downtown.

Close-up of 1,000 feet surrounding Canal Street Apartments



Proximity to Permanent Supportive Housing and Appreciation of Property Values After Opening

Distance from Canal Street Apts.	Pre-Construction to Opening 2004 - 2005	Opening to Post 5 Years 2005 - 2010	Pre-Construction to Post 5 Years 2004 - 2010
500'	34%	151%	251%
1,000'	32%	127%	202%
5,000'	30%	121%	171%

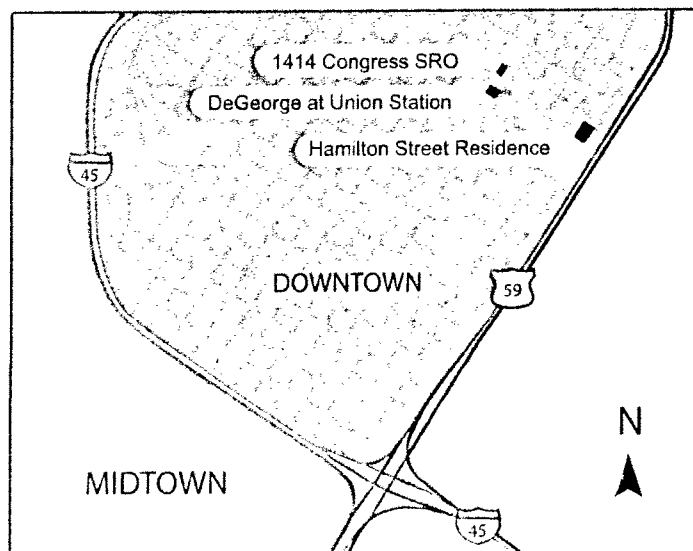
# DOWNTOWN LOCATIONS

## Neighborhood Changes

The Texas Legislature created the Downtown Management District in 1995. The Management District promotes and implements improvements to the downtown region in the areas of housing, business development, light rail transportation, aesthetic enhancement, and safety. Developers invested more than \$4 billion in downtown Houston's housing, businesses, and entertainment between 2000 and 2010.<sup>1</sup>

Between 1994 and 2005 (the period that property values were analyzed in the downtown area), the following occurred:

- 1995 – 1999: the amount of residential units downtown more than doubled from 900 to 2,000<sup>2</sup>
- 1995: Houston's first single room occupancy (SRO) housing opened, New Hope Housing, Inc's Hamilton Street Residence
- 1996: plans for professional baseball stadium in downtown announced
- 1997: Bayou Place in the Theater District was repurposed from the former convention center into a center for entertainment and restaurants
- 1997: University of Houston Downtown opened
- 1998: the historic Rice Hotel which stood vacant for twenty years was converted into high-end residences and opened as the Post Rice Lofts
- 1998: the Cotswold Project began, investing \$62 million into rebuilding streets and converting northern downtown areas into a pedestrian-friendly environment by adding greenery, trees and public art
- 1999: the Buffalo Bayou bridges were replaced and created an artistic entry point into downtown
- 2000: professional baseball stadium, now Minute Maid Park, opened
- 2000: the Star of Hope Men's Center, a shelter for homeless men, was relocated, causing many people living on the street to move out of the area surrounding Minute Maid Park, the Hamilton Street Residence, and the DeGeorge at Union Station
- 2003: expansion of the George R Brown Convention Center
- 2003: Toyota Center, the professional basketball and entertainment center opened
- 2003: Hilton of the Americas opened, the hotel nearest the Convention Center and the Toyota Center
- 2004: light rail along Main Street leading from downtown through the Medical Center to Reliant Park opened
- 2004: Main Street Square, a three-block pedestrian plaza with art and retail space opened
- 2005: construction of Discovery Green Park was announced and community input was sought in the transformation of concrete public parking lots into an urban green space with free exercise classes, a farmer's market, music and visual entertainment, and restaurants



<sup>1</sup> [www.downtownhouston.org](http://www.downtownhouston.org)

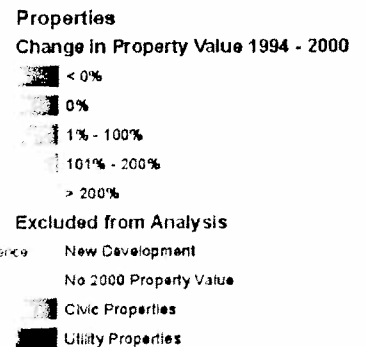
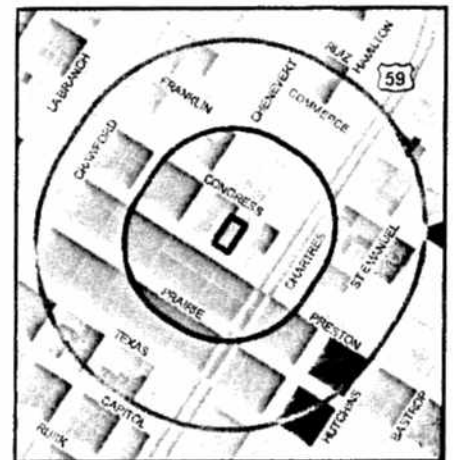
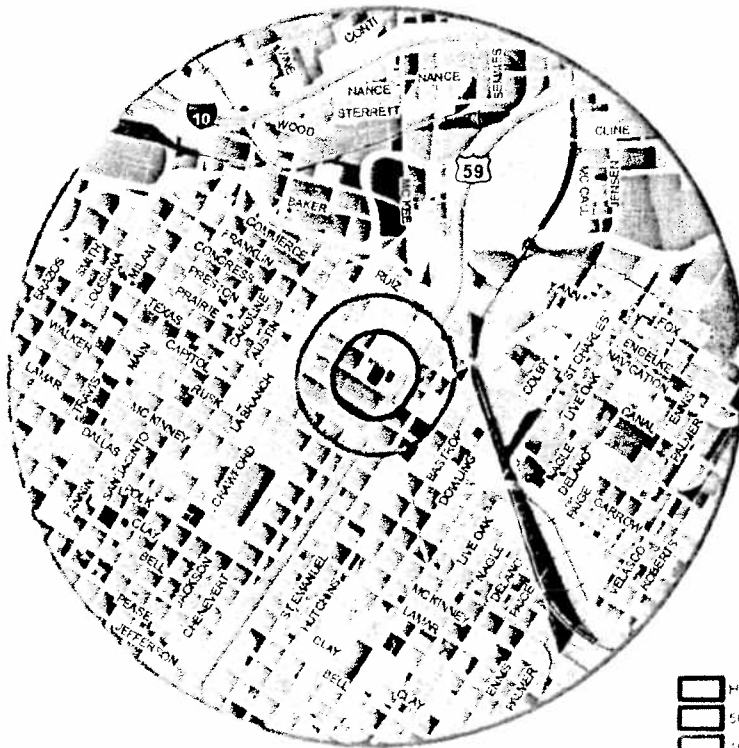
<sup>2</sup> Barna, Joel Warren. "Filling the Doughnut." 1998. Published in: Scardino, Barrie and Bruce Webb. *Ephemeral City*. University of Texas Press, 2003

## 320 Hamilton Street—New Hope Housing, Inc.



In 1995, the first SRO housing in Houston opened—forty units—the first wing of New Hope's Hamilton Street Residence, just 100 feet from what would be Minute Maid Park. Due to the level of demand, the Hamilton Street Residence expanded twice and today 129 furnished units are available at an affordable rate for people in need of permanent supportive housing.

Close-up of 1,000 feet surrounding Hamilton Street Residence



### Proximity to Permanent Supportive Housing and Appreciation of Property Values After Opening

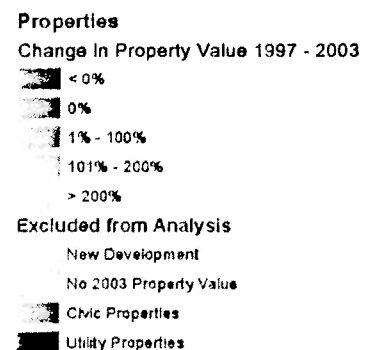
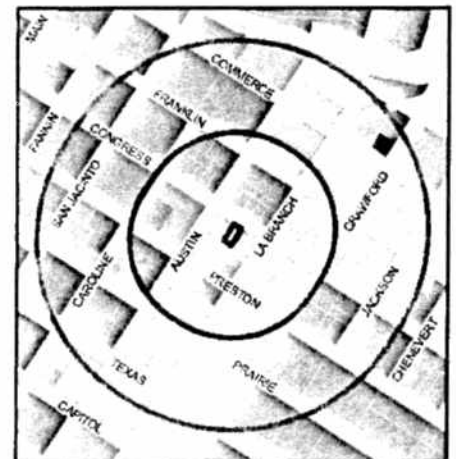
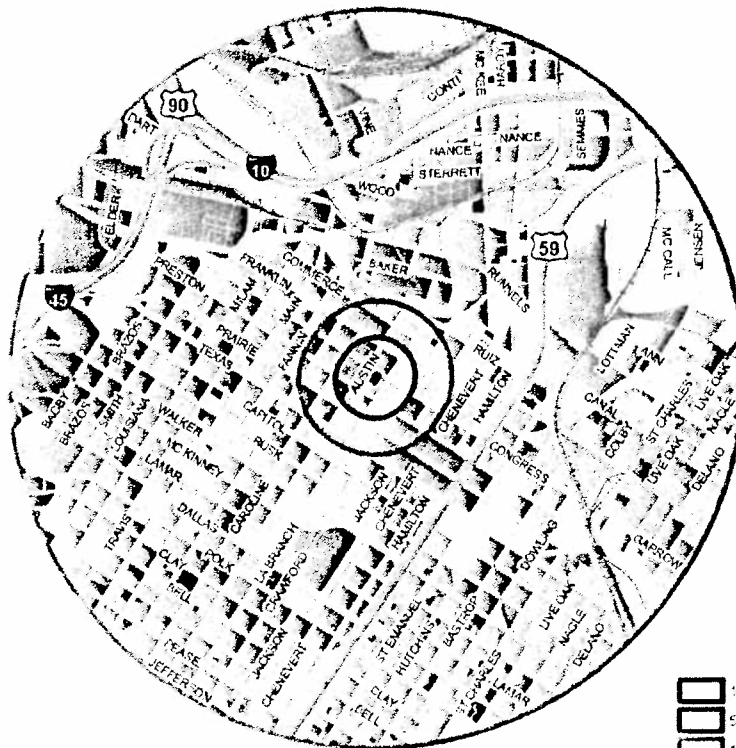
Distance from Hamilton Street Residence	Pre-Construction to Opening 1994 - 1995	Opening to Post 5 Years 1995 - 2000	Pre-Construction to Post 5 Years 1994 - 2000
500'	-2%	265%	252%
1,000'	-3%	228%	212%
5,000'	4%	63%	64%

## 1414 Congress Street—New Hope Housing, Inc.



In 1998 the restoration of an existing 1930s railroad or travelers' hotel was completed, and the former Powell Hotel became SRO apartments offering permanent supportive housing. Fifty seven furnished units were made available to people in need of an affordable place to live. New Hope Housing assumed governance of the property in late 2002. In 2008 the building was closed for an extensive renovation and reopened in summer 2010.

Close-up of 1,000 feet surrounding Congress Street SRO

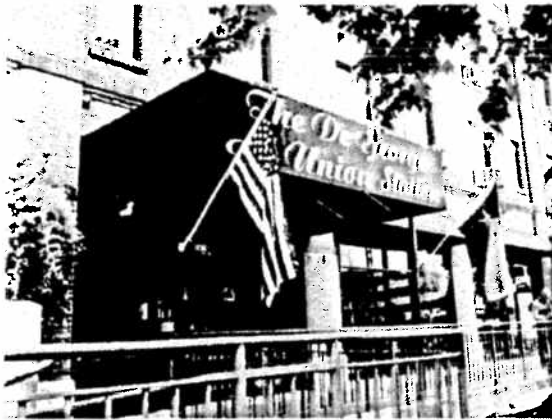


Proximity to Permanent Supportive Housing and Appreciation of Property Values After Opening

Distance from Congress Street SRO	Pre-Construction to Opening 1997 - 1998	Opening to Post 5 Years 1998 - 2003	Pre-Construction to Post 5 Years 1997 - 2003
500'	- 238%	325%	151%
1,000'	- 153%	227%	268%
5,000'	- 33%	139%	144%

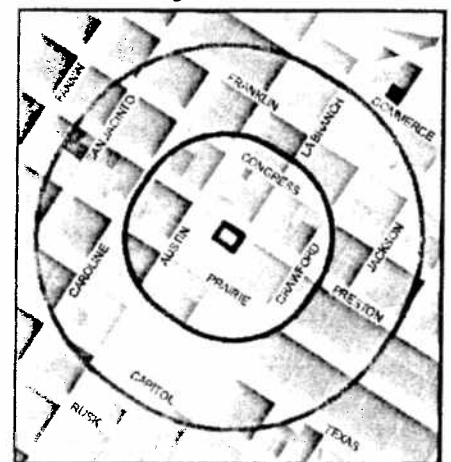
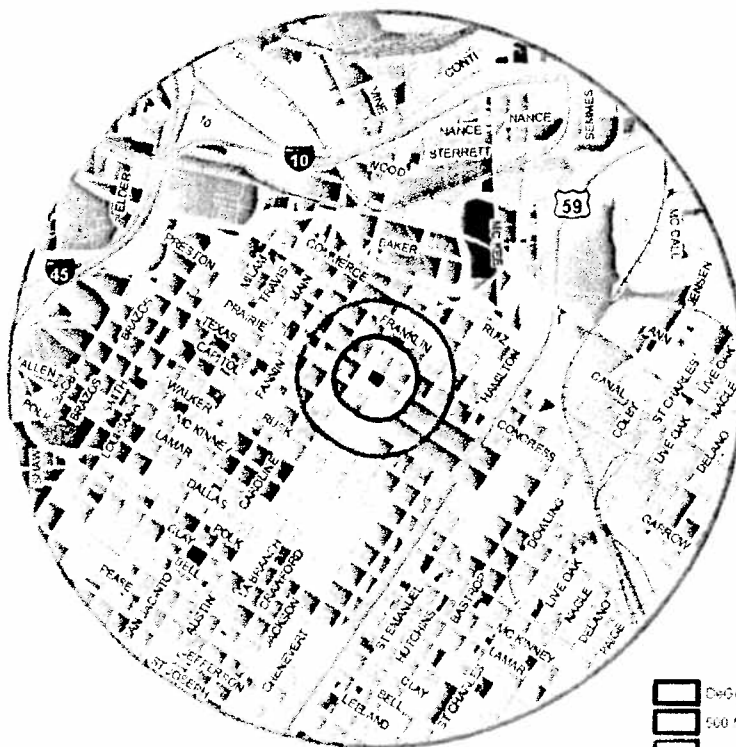


## 1418 Preston—DeGeorge at Union Station, The Housing Corporation of Greater Houston

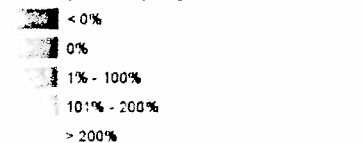


The 100 unit DeGeorge at Union Station SRO apartment for veterans opened in 2000 after a \$3 million renovation of the historic building was completed. The building was originally constructed in 1913 as a high-end hotel near the Union Station for passenger trains. Over the years, the hotel fell into disrepair and eventually became a semi-abandoned "by the hour" hotel. To meet the needs of the veterans who live at the DeGeorge, a Veterans Administration staffed health care center is located on-site.

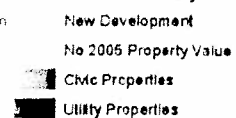
Close-up of 1,000 feet surrounding De George at Union Station



### Properties Change in Property Value 1999 - 2005



### Excluded from Analysis



### Proximity to Permanent Supportive Housing and Appreciation of Property Values After Opening

Distance from DeGeorge at Union Station	Pre-Construction to Opening 1999 - 2000	Opening to Post 5 Years 2000 - 2005	Pre-Construction to Post 5 Years 1999 - 2005
500'	107%	13%	120%
1,000'	57%	28%	86%
5,000'	32%	98%	154%

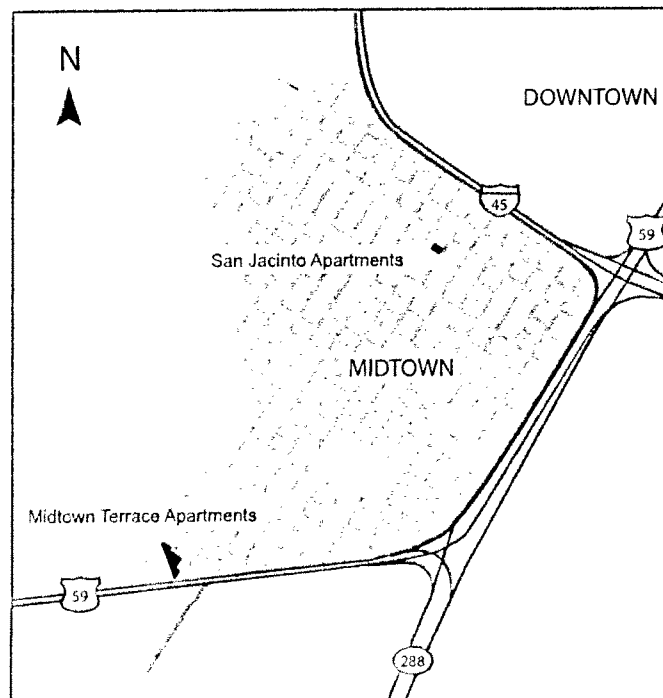
# MIDTOWN LOCATIONS

## Neighborhood Changes

The City of Houston authorized the Midtown Redevelopment Authority whose goal is to increase and enhance housing choices, employment, education, retail, and entertainment in 1995. In 1999, the Texas Legislature created the Midtown Management District whose mission is to improve marketing and perception, urban planning, services and maintenance, and security and public safety for the Midtown area. Between 1990 and 2000 the area within the Midtown SuperNeighborhood saw the population increase from 3,070 to 5,311 and 2,200 multi-family units opened.<sup>3</sup>

Between 1996 and 2005 (the period that property values were analyzed in the midtown area), the following occurred:

- 1999: Midtown VISIONS Cultural Art Tour began and has been an annual event since
- 2000: street light program began - end result is 1,700 new street lamps in Midtown
- 2001: Midtown Paper began with the goal of portraying the positive aspects of living and working in the neighborhood
- 2001: public safety program enacted to deter and prevent crime
- 2002: annual neighborhood plant and tree planting and trash pickup event began
- 2004: Main Street light rail began
- Federal Transportation Administration awarded grant to improve accessibility for pedestrians in area
- Midtown Park was created, providing a well-maintained green space for recreation and sports



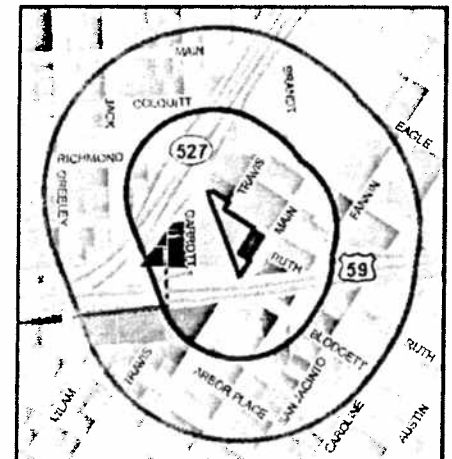
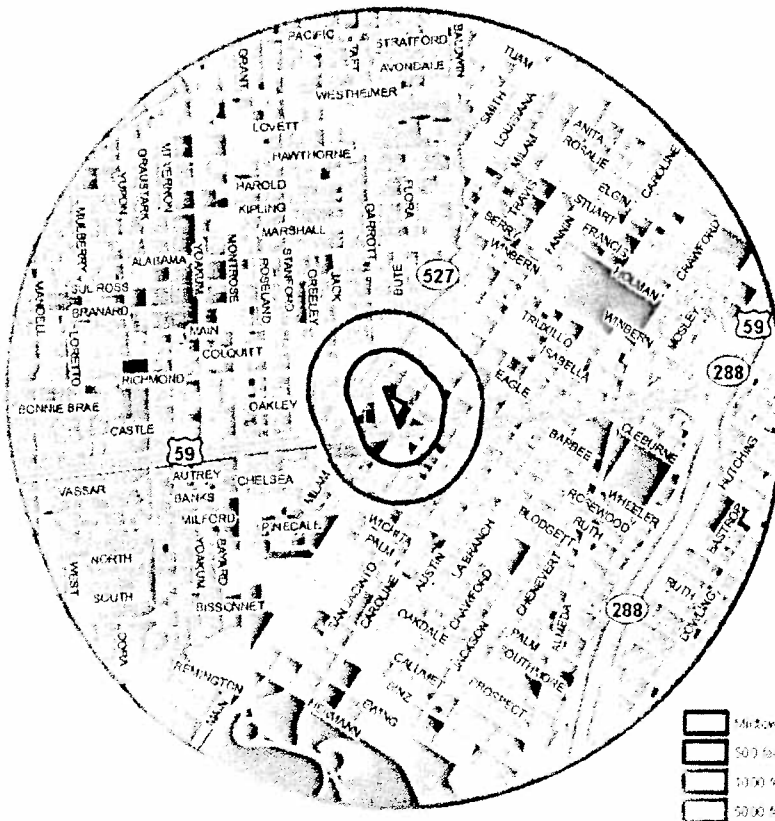
<sup>3</sup> Houston Land Use and Demographic Profile, City of Houston Planning and Development Department, 2000

## 4640 Main Street, Midtown Terrace, Cloudbreak Houston LLC

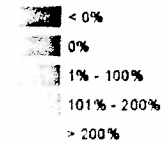


In 1997, after remodeling and converting a Days Inn Motor Lodge into SRO apartments, Midtown Terrace SRO opened. There are 170 units of affordable housing available for veterans at the location, and support services are offered by US Vets on-site.

Close-up of 1,000 feet surrounding Midtown Terrace



### Properties Change in Property Value 1996 - 2002



### Excluded from Analysis

- New Development
- No 2002 Property Value
- Civic Properties
- Utility Properties

### Proximity to Permanent Supportive Housing and Appreciation of Property Values After Opening

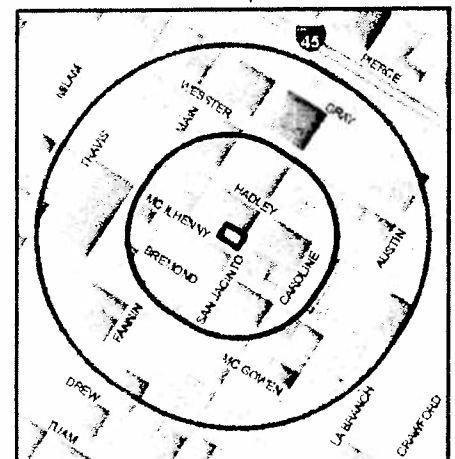
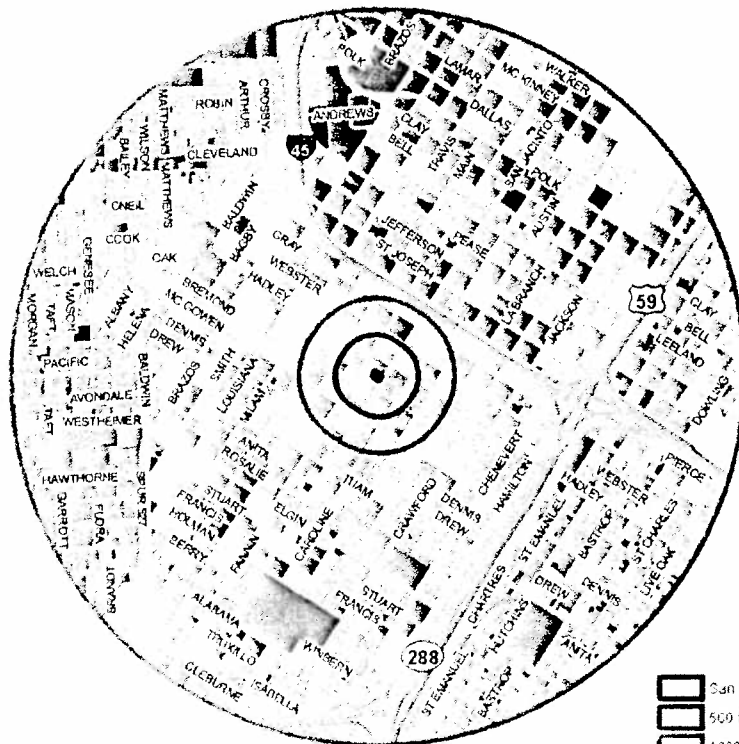
Distance from Midtown Terrace	Pre-Construction to Opening 1996 - 1997	Opening to Post 5 Years 1997 - 2002	Pre-Construction to Post 5 Years 1996 - 2002
500'	7%	67%	77%
1,000'	2%	99%	97%
5,000'	3%	78%	82%

## 1111 McIlhenny, San Jacinto Apartments, The Housing Corporation of Greater Houston



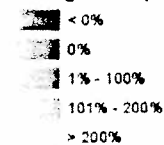
The Housing Corporation of Greater Houston renovated a historic building and opened as a 33 unit affordable permanent SRO housing in 2000. The building was originally owned by a business that used it as temporary housing for out-of-town employees, and the remodeling project cost \$1.5 million.

Close-up of 1,000 feet surrounding San Jacinto Apartments

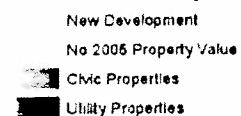


### Properties

#### Change in Property Value 1999 - 2005



#### Excluded from Analysis



### Proximity to Permanent Supportive Housing and Appreciation of Property Values After Opening

Distance from San Jacinto Apartments	Pre-Construction to Opening 1999 - 2000	Opening to Post 5 Years 2000 - 2005	Pre-Construction to Post 5 Years 1999 - 2005
500'	29%	124%	183%
1,000'	17%	97%	130%
5,000'	35%	84%	133%

## WHAT MAKES SUPPORTIVE HOUSING WORK SUCCESSFULLY IN A NEIGHBORHOOD?

*Theoretically, supportive housing developments could either depress or raise neighborhood property values. If the development isn't well-maintained or doesn't blend in well with the surrounding community, it could have a negative impact on neighborhood property values. Similarly, if the residents of the new supportive housing engage in offensive behavior or participate in or are targets for illegal behavior, the housing might cause prices to drop. On the other hand, if a new development is attractive and replaces a community eyesore, such as an abandoned or vacant property, or helps to house people who otherwise would be living on the streets nearby, it likely would have a positive impact on property values. Similarly, if the new development is a conscientious and good neighbor and provides useful services to the community, it could raise the price.*

-NYU's Furman Center for Real Estate & Urban Policy,

"The Impact of Supportive Housing on Surrounding Neighborhoods: Evidence from New York City"

### What do Leaders in Houston Think About Permanent Supportive Housing?

*High quality permanent housing, coupled with excellent management, is crucial to gaining neighborhood confidence.*

-Michael M. Fowler, board president of New Hope Housing, Inc.

*Originally, people were hesitant about a supportive housing location being proposed for our area—thinking it would be like a problematic halfway house. The neighborhood's whole attitude toward subsidized housing has changed as a result of New Hope. The Canal Street Apartments has excellent care, oversight, and management. They have a person on staff 24 hours a day with a single point of entry, making sure people on the property are actually supposed to be there. The building is one of the most attractive in the neighborhood and has created a positive change.*

-Diane Schenke, President of Greater East End Management District

## WHO ARE SUPPORTIVE HOUSING TENANTS?

Residents of supportive housing are individuals and families who might have been homeless, who also have very low incomes due to low-wage employment or physical or cognitive disabilities. Some residents are older adults living on fixed incomes or veterans who served in the military in need of affordable housing. They might have chronic health conditions or permanent disabilities related to mental illness, physical disabilities, or substance abuse. Life situations such as these often make it difficult for a person to find stable housing, but with the necessary support services and affordable rent, tenants are able to thrive.

### In Their Own Words

#### **Perry:**

*As a disabled Vietnam Veteran, I am unable to work, and I live on a very limited budget. Until last February, when I moved into Canal Street, I was in a shabby apartment with no heat or air conditioning. My health was deteriorating and I knew I could not face another hot summer or cold winter in that awful place. Luckily, a friend of mine saw the article about Canal Street in Houston Home and Garden and we came to see the property.*

*I could hardly believe my eyes when we drove into the parking lot. The building is new and beautiful, landscaped and well lighted and everyone was so friendly. The community manager and assistant took a lot of time showing me the building, the community spaces and the apartments. The veranda upstairs even has a view of downtown Houston.*

*The best part, though, is my apartment. It came with a lot of furniture and the appliances built in, so I just needed my personal items and linens to make it a real home. I now have my own little cooking area, my own private bath, windows and good light and a lockable private apartment—I really have a home. And it is heated and air-conditioned—so comfortable.*

*Living here is so much healthier for me, and so much for comfortable. It has lifted my spirits and changed my life for the better. Honestly, it has been an adjustment to live in a community, as I lived alone for so long. I've gotten to know my neighbors and it's good to see people every day who know me and whom I know.*

*Sincerely,  
Perry*

#### **Pat:**

*My journey began with a string of poor choices of my own making, that resulted in many other difficult experiences in my life. Getting pregnant at the age of sixteen, which should have been one of my life's greatest highlights, actually set in motion a new set of circumstances and problems.*

*A failed dysfunctional marriage at the age of seventeen introduced me to life in the fast lane, and that comes with: alcohol, drugs, crime, and incarceration. But more importantly, my greatest loss was relationships with my child, family, and my relationship with the God of my understanding. I wanted to change, but somehow I was powerless to do anything to bring about that change. Finally, after years of living my life in frustration, and hopelessness, I cried out to God to give me whatever it was that I was missing because I was so tired of being sick and tired!*

*However, the answer didn't come as I had expected; He truly did for me what I could never have done for myself. On June 3rd, 1994 I was arrested and remained incarcerated for six years. Upon my release back into society, I checked myself into an innovative transitional living facility for women. It was there that I first heard of New Hope; the name alone sounded inspiring to me. After my graduation from the transitional program, I applied and was accepted as a resident of the New Hope Hamilton Street residence. Truly, this was a new beginning that's given me a "new hope." A clean and safe living environment that's affordable is a blessing beyond measure or words to even explain all the advantages of being a resident at New Hope. I've resided at New Hope since December, 2005. Not only am I a resident, I am also presently a part-time employee, employed by New Hope, which has been a benefit that's had a very positive affect on my life.*

*No matter what the future holds for me, I will be forever grateful to New Hope, the staff, and all those involved for assisting me in the rebuilding of my life.*

*Gratefully yours,  
Pat*

# SUPPORTIVE HOUSING THROUGHOUT THE COUNTRY

Every city that has studied the affects of supportive housing on property values has come to a similar conclusion—that supportive housing properties either have a neutral or positive impact on neighboring properties.

## Denver

A study of 11 supportive housing apartment complexes in Denver found that the facilities had a positive impact on property values within 1,001 to 2,000 feet of the supportive housing.

"We found no evidence that the announcement and development of these supportive housing sites was associated with any negative impact on proximate [property] prices. On the contrary, the areas within 1,001 to 2,000 feet of these sites experienced both a post-announcement/ operating increase in both general level and trend in [property] prices relative to the prices of similar [properties] in the same census tract not near such facilities."

-Supportive Housing and Neighborhood Property Value Externalities," *Land Economics*, Feb 2004

## Chicago

The economic and social impact of seven supportive housing properties in the Chicago Metropolitan Area was examined using four different methods, and determined, "[W]e find no evidence that group homes adversely affect neighborhood property values."

-The Effect of Group Homes on Neighborhood Property Values," *Land Economics*, Nov 2000

## Fort Worth

Three permanent supportive housing developments in Fort Worth were used to determine the property value effects. "Each of the three permanent supportive housing developments examined appreciated in value between 2000 and 2004 as well as between 2000 and 2008. The largest property value increases for neighboring properties were for those parcels within 500-feet of a permanent supportive housing development."

Proximity to Permanent Supportive Housing and Annual Property Value Appreciation per sq ft

	Cornerstone New Life Center		Samaritan House & The Villages at Samaritan House		Pennsylvania Place Apartments	
	2000 – 2004	2004 – 2008	2000 – 2004	2004 – 2008	2000 – 2004	2004 – 2008
Properties within 500 Feet	29.17%	23.57%	23.3%	15.75%	35.91%	20.48%
Properties within 1,000 Feet	22.99%	19.79%	15.54%	13.06%	20.83%	15.08%
Census Tract	23.07%	19.22%	14.88%	12.86%	18.09%	12.84%

"Our Neighbors, Our Neighborhoods: The Impact of Permanent Supportive Housing on Neighborhoods in Fort Worth, Texas," Sept 2009

## Philadelphia

The immediate effect of a supportive housing site opening in a neighborhood does not adversely affect surrounding housing values. In fact, the opening of supportive housing in a neighborhood is associated with a positive effect on housing values over time (grew 1.8% faster per year than the baseline 5% increase citywide home value increases).

-Project HOME's Economic and Fiscal Impact on Philadelphia Neighborhoods," Econsult Corporation, Nov 2007

## Connecticut

The data collected to assess the impact of the [supportive housing] projects on neighboring property values implied that the markets surrounding all but one of the projects improved from the date of our first evaluation, June 25, 1999 through March 1, 2002... [For the property whose neighboring values decreased], the decrease in values, however, was a nominal \$1.96 weighted average per square foot.

-Chapter 3: Impact of the Projects on Neighboring Property Values," Connecticut Housing Demonstration Program

## CONCLUSION

The United Way of Greater Houston's research confirms that permanent supportive housing units have no negative impact on their neighbors' property values. In fact, the opposite affect is exhibited. Property values closest to the supportive housing increased at a higher rate than those in the larger neighborhood. Public and private funders of homeless services must continue to provide permanent solutions to ending homelessness, and well-managed properties paired with support services are key to ending chronic homelessness.



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